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C O N F I D E N T I A L SECTION 01 OF 02 PORT AU PRINCE 000453

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E.O. 12958: DECL: 03/20/2018

TAGS: PGOV PREL KCOR HA

SUBJECT: CHAMBER OF DEPUTIES ISSUES REPORT ON MISHANDLING  
OF PARLIAMENT FUNDS

REF: A. PORT AU PRINCE 115

1B. PORT AU PRINCE 344  
1C. PORT AU PRINCE 447

PORT AU PR 00000453 001.2 OF 002

Classified By: Charge d'Affaires Thomas C. Tighe for reasons 1.4 (b) and (d).

11. (SBU) Summary: The new treasurer of the Chamber of Deputies, Cholzer Chancy, made public a report on irregularities in the bookkeeping of the lower house of Parliament. The report highlights several instances of overspending as well as overdue payments to employees and vendors. The Chamber has yet to hold a formal session to discuss the findings and decide if they should take legal action against the former treasurer or others implicated in malfeasance -- a group which potentially includes Chamber of Deputies President Eric Jean-Jacques. Deputy Chancy pledged to reform spending going forward by cutting back on favoritism and unwarranted expenditures and by reducing the number of Chamber employees. This is the first public report on the financial accounts of the Chamber, and demonstrates what may be a new trend toward transparency in the lower chamber of Parliament. End summary.

12. (U) The new Treasurer/Chief of Administration of the Chamber of Deputies, Cholzer Chancy (LAAA/Ennery, Artibonite), issued a report February 25 outlining certain irregularities in the Chamber's finances. Chancy launched the investigation after taking over the office from previous treasurer Deputy Maxeau Balthazar (Fusion/Belle Anse, Southeast) in January. The principal problems are back-pay owed to Chamber employees (almost USD 1 million), arrears to rental car companies and other service providers (USD 1.5 million), and irresponsible spending on staff salaries, airline tickets and Deputy per diems. In the first four months of FY 2008, the Chamber had already allocated 65 percent of its annual budget for personnel and over 80 percent of its annual budget for travel services -- airline tickets, foreign and domestic travel, and rental cars.

13. (C) In a meeting with Poloff March 17, Deputy Chancy reiterated as per his report that the Chamber of Deputies'

overspending within the first four months of FY 2008 ensured that the Chamber would be unable to sustain its current spending after March 31. He spoke at length about the "exorbitant" amounts of money spent by the previous treasurer on car rentals for Deputies. At the beginning of Chancy's term as treasurer, the Chamber had 29 cars rented at a cost of approximately USD 150 per day per vehicle. As of March 17, he had convinced all but five "reluctant Deputies," including former treasurer Balthazar, to return the vehicles. (Note: According to Chamber regulations, members of the executive bureau are provided state-owned cars "ex officio," and other Deputies are authorized rental cars for specific business trips. End note.) Deputy Chancy noted former treasurer Balthazar often unevenly distributed rental cars, per diems and other such favors to allies of Chamber President Eric Jean-Jacques (Lewspa/Delmas, West). Chancy said he will ensure money and commodities are distributed equitably, and also pledged the Chamber will not/not accumulate any more debt during his tenure as treasurer.

¶4. (C) Deputy Chancy expressed his intent to "clean up" the Chamber's staffing structure. The Chamber is overstaffed, with many employees unqualified or having no assigned responsibilities, he said. Of the 731 staff, 227 were never on the official payroll. Chancy made an agreement with the Ministry of Finance to pay these 227 employees for time already worked, and then dismiss them. He was confident he could complete this task by the end of March, despite opposition from some Deputies whose friends and associates were among those to be let go.

¶5. (C) Deputy Chancy explained that his report simply stated the facts and pointed out irregularities, and refrained from drawing any conclusions or passing judgment on the transactions described therein. He stated it is now up to the National Assembly to draw conclusions and make the

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decision whether to initiate legal action. However, the Deputies have not yet held a session to discuss the report. Chamber President Jean-Jacques has been reluctant to organize a session, given that it might result in accusations against him, according to Deputy Chancy. (Note: The Chamber President acts as co-signatory to all actions executed by the treasurer. End note.) The task of clearing up the misuse of funds under the previous bureau has been especially difficult due to Jean-Jacques' continuing presence as President, according to Chancy. For example, a group of Deputies asked Jean-Jacques to form a special committee to reform the administration and staffing of the Chamber. However, after nearly two months Jean-Jacques still has not responded to their request.

¶6. (SBU) According to MINUSTAH's Office of Political Affairs, the Deputies are now focusing on punishment for former treasurer Balthazar and the beneficiaries of special privileges, instead of on the important task of working within the national budget to repair the damage to the Chamber's finances. Amidst the interpellation of the Prime Minister (ref B) and Senate inquiries into dual citizenship (ref C), the report has yet to make a splash in the press since its public release on March 6. Deputy Chancy has thus far refused to speak to the media about it, claiming he was deferring his comments until after the National Assembly has decided on a course of action.

¶7. (C) Comment: Although rumors of malfeasance on the part of the former treasurer circulated throughout his tenure, this is the first public report of internal Chamber accounts. The report reveals a precarious financial situation, not easily resolved despite Deputy Chancy's apparent motivation. The kickbacks and favoritism that are the modus operandi of the Chamber are likely to continue, though perhaps at a slower pace. The report's public release is a sign of the Deputies' willingness to act in a transparent fashion, which

we hope will be a continuing trend.  
TIGHE